


EXPRESS
A GRAHAM-FIELD COMPANY

TO : Irwin Selinger

FROM : Vicente Guzmán Jr. *VG*

DATE : September 23, 1997

SUBJECT: Tuffcare

I spoke with my attorney about our situation with Tuffcare. The 75 law protects the distributors. When GF acquired VC Medical as part of the requirements to complete the transaction we sent a letter to Tuffcare cancelling the exclusive distributor agreement between Tuffcare and VC Medical. After this GF continued the relation with Tuffcare, this situation under the 75 law, will activate the agreement between GF and Tuffcare. They approved it this way: every customer that calls Tuffcare they will refer to GF.

The only way that they can use another distributor or open operations here without any problems is if we don't buy from them. In a litigation they will say that we have no interest in their products and that was the reason to open their operation in P.R.

In the case of the regular wheelchairs we can change all the business to E & J but we have some others products that we need to buy from them to provide service to some customers until E & J can have them ready for us.

*Recliner Wheelchair- 29 per month (18,270.00/Revenue). We order 80 from E & J and it will take 8 weeks to have them ready for us. We have customers ordering right now. We don't have in stock.

*Motorized Wheelchair-6 per month (13,800.00/Revenue). In this case we have the Metro Power in stock but the Metro Power is for medicare code K0011 and the Tuffcare Wheelchair for code K0012 code. We order from E & J for K0012 code but they have to make it for us and we have customers with orders.

*Parts-We need parts for motorized wheelchairs with problems.

I recommed to make one more order. The products we will order we will move them fast. In this process I can try to make them change their mind about open a facility here. If they still want to open it we will terminate our business relation and we can try to stop them through the court using the 75 law.

Also in this way they are not going to be aggressive trying to find a distributor. This will give me time to tie Borschow and Joe Reyes' business (Lumex and SSC). I am having meeting with them to maintain the same business relation after the acquisition of Fuqua.